Labour Market Notes

Broad-based job losses reemerge

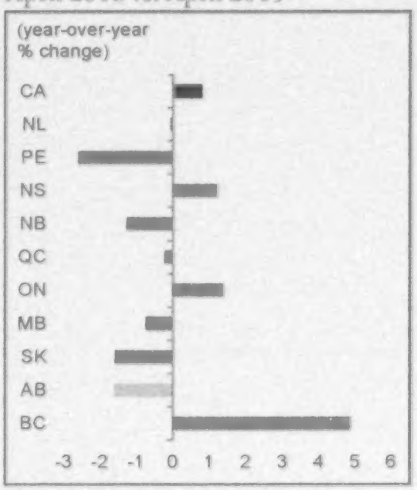
Alberta

- Large monthly decline. Alberta employment fell by 20,800 in April, the biggest monthly drop since December 2008.
- All sectors lose jobs. Self-employment was down (-17,100) and the public sector also posted jobs losses (-2,900). Private sector shed 800 jobs. Most of the job lost were full-time (-10,900), but part-time positions were similiarly trimmed (-9,900).
- Energy industry hard hit. Service sector employment was down 9,500 jobs in April, while goods sector employment fell by 11,300. Forestry, fishing, mining, oil and gas (-8,400) accounted for the bulk of job cuts, followed by trade (-6,800), finance, insurance and real estate (-5,100), and Manufacturing (-3,000). Some industries, however, posted modest employment growth; accommodations and food services added 2,400 jobs in April, while business support services and agriculture added 2,100 and 1,200 jobs respectively. Year-over-year, service sector employment was still up 19,900, while goods sector employment was down 57,200.
- Unemployment rate inches up. Alberta's unemployment rate ticked up 0.1 percentage points to 7.2 per cent in April, slightly above the national average. A shrinking labour force helped dampen the impact of the employment cuts on the unemployment rate.
- Employment remains weaker than a year ago. Employment fell by 1.6% y/y in April, equivalent to 37,400 fewer jobs than a year ago.
- Earnings take a plunge in first month of 2016. Average Weekly Earnings (AWE) fell 0.3% from the previous month to $1,118 in February. On a year-over-year basis, earnings were down 3.4%, following the largest y/y/ drop on record in January. Both service sector (-1.9% y/y) and goods sector (-2.3% y/y) earnings recorded declines. Employment declines in the high-pay mining, quarrying, oil and gas extraction industry have kept downward pressure on earnings.

Canada

- Canada also loses jobs. Employment fell by 2,100 in April. Alberta led the provinces in losses, followed by Ontario (-3,300) and Manitoba (-3,000). Year-over-year, Canadian employment was up 0.8% y/y, or 144,600.
- Unemployment rate holds steady. The Canadian unemployment rate was unchanged at 7.1% in April.
- Canadian earnings up from January. Canadian average weekly earnings (AWE) were up 0.3% from the previous month to $954 in February. Most provinces posted gains in AWE, with the only exceptions being Newfoundland and Labrador and Alberta. Year-over-year, Canadian earnings were down 0.4%.

Employment Growth by Province, April 2016 vs. April 2015



Source: Statistics Canada

Alberta Labour Market Indicators

Indicator	Latest*
Employment	2,275,600
month-over-month change	20,800
year-over-year % change	-1.6%
Alberta Unemployment Rate (UR)	7.2%
Edmonton UR**	7.5%
Calgary UR**	8.6%
Participation Rate	72.3%
Average Weekly Earnings (AWE)	$1,118.48
year-over-year % change	-3.4%
Average Hourly Wage	$30.10
year-over-year % change	+3.9%
Job Vacancy Rate***	1.5%

Source: Statistics Canada

* All data is from the March 2016 Labour Force Survey, except AWE which is the January 2016 Survey of Employment, Payrolls and Hours, and the Job Vacancy Rate is for December 2015.

** This indicator is calculated as a three-month moving average and is seasonally adjusted.

*** This indicator is calculated as a three-month moving average and is not seasonally adjusted.

Alberta Government

May 6, 2016
Treasury Board and Finance
Economics and Revenue Forecasting

Exploring the goods sector earnings gap

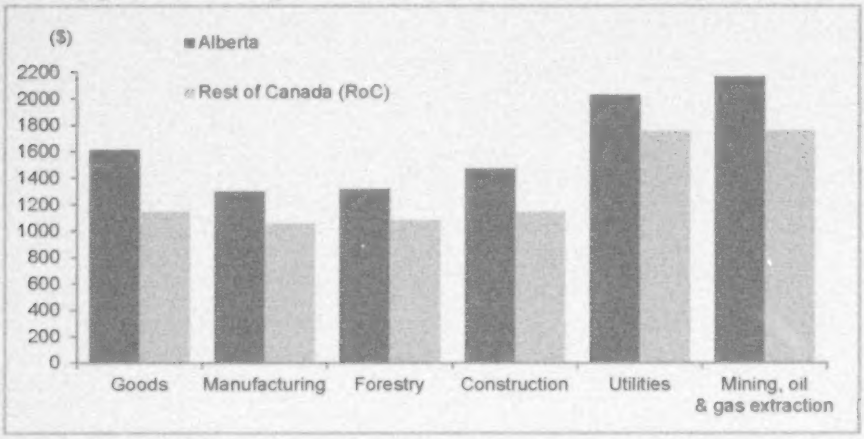
Workers in Alberta earn substantially more than those in the rest of Canada, especially in the goods sector. Alberta earnings are higher across all goods-producing industries, and relatively more people are employed in the highest paying goods industries. This Labour InSight explores Alberta's goods sector earnings premium.

Alberta earnings higher across goods-producing sectors

Alberta average weekly earnings (AWE) were $223 higher than in the rest of Canada (RoC) in 2015. This difference was mostly due to goods sector earnings. The goods sector AWE in Alberta was $1,612, while for the RoC, it was $1144, a gap of $468. Earnings in the service sector were also higher, but the gap was only $127.

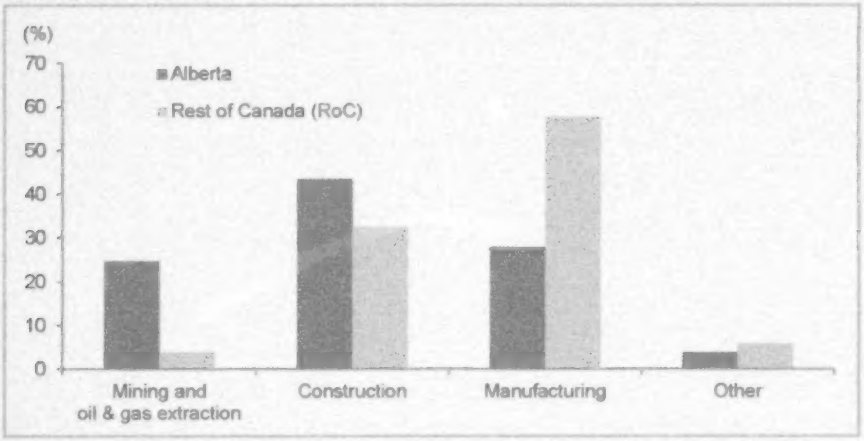
Goods-producing industries in Alberta and the RoC had a similar ranking in terms of AWE, with mining at the top and manufacturing at the bottom. Earnings in Alberta, however, were higher than all other provinces across the five industries (Chart 1). The biggest gap was in mining ($407 per week) followed by construction ($328 per week).

Chart 1: Higher earnings across every goods sector
AWE by goods-producing industries, Alberta vs Rest of Canada (2015)



Source: Statistics Canada

Chart 2: A higher share of Alberta workers are in high-paying industries
Employment composition, Alberta vs Rest of Canada (2015)



Source: Statistics Canada

Compositional Advantage

The overall earnings gap in the goods sector was actually larger than the gap among individual industries. This was the result of labour composition effects. Alberta has disproportionately more jobs in mining (25% of goods sector employment), which had the highest AWE (Chart 2). Conversely, only 28% of Alberta goods sector employees worked in the manufacturing industry, which had the lowest earnings of the five industries. The RoC, on the other hand, had disproportionately more workers in manufacturing (58%) and only 4% in mining, oil and gas.

If Alberta had the same industry labour composition as the RoC, the earnings gap within the goods sector would be reduced to $277 per week.

Gap is narrowing

Weakness in oil and gas activity and large employment losses reduced Alberta's goods earnings and dragged down overall earnings in 2015. However, they still remain significantly higher than other Canadian provinces.

Have a question or idea for Labour InSight? Send us an *email*.

Contact

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